

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	31.12.2023 RM'000	31.12.2022 RM'000	CHANGES %	31.12.2023 RM'000	31.12.2022 RM'000	CHANGES %
Revenue	62,947	46,605	35.1%	199,410	187,002	6.6%
Cost of sales	(48,834)	(38,414)	27.1%	(157,987)	(158,916)	-0.6%
Gross profit	14,113	8,191	72.3%	41,423	28,086	47.5%
Other income	594	571	4.0%	1,126	1,264	-10.9%
Bargain purchase gain on acquisition	2,138	1,638	30.5%	21,194	1,638	>100%
Administrative expenses	(9,679)	(7,406)	30.7%	(22,887)	(22,059)	14.9%
Other expenses	(2,272)	-	>100%	(5,520)	(180)	>100%
Finance costs	(2,249)	(1,024)	>100%	(5,413)	(3,832)	41.3%
Profit before tax	2,645	1,970	34.3%	29,923	4,917	>100%
Income tax expense	-	(1,440)	-100%	(1,046)	(2,128)	-50.8%
Profit for the financial period	2,645	530	>100%	28,877	2,789	>100%
Attributable to:						
Owner of the Company	2,522	609	>100%	28,659	2,856	>100%
Non-controlling interests	123	(79)	>100%	218	(67)	>100%
	2,645	530	>100%	28,877	2,789	>100%
Earnings per share attributable to owners of the Company (sen) ⁽²⁾ :						
Basic	0.13	0.03		1.56	0.16	
Diluted	0.08	0.02		0.98	0.09	

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Profit or Loss are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Earnings per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period.

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Profit for the financial year	2,645	530	28,877	2,789
Other comprehensive expenses				
Foreign currency translation differences for foreign operation	(206)	(3)	(242)	(36)
Total comprehensive income for the financial year	<u>2,439</u>	<u>527</u>	<u>28,635</u>	<u>2,753</u>
Attributable to:				
Owner of the Company	2,316	605	28,417	2,820
Non-controlling interests	123	(78)	218	(67)
	<u>2,439</u>	<u>527</u>	<u>28,635</u>	<u>2,753</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	187,821	46,710
Investment properties	20,553	20,631
Right-of-use assets	3,108	2,127
Intangible assets	7,686	8,654
Deferred tax assets	173	348
Investment in associate	300	-
Other investment	8,268	5,679
Trade receivables	7,019	9,679
	<u>234,928</u>	<u>93,828</u>
Current assets		
Inventories	566	587
Trade receivables	73,106	72,640
Other receivables, deposits and prepayments	9,038	3,741
Contract assets	50,435	68,387
Tax recoverable	2,875	246
Deposits with licensed banks	40,924	34,836
Cash and bank balances	23,084	12,653
	<u>200,028</u>	<u>193,090</u>
TOTAL ASSETS	<u>434,956</u>	<u>286,918</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	148,847	103,597
Translation reserve	(472)	(3)
Treasury shares	(4)	(4)
Retained profits	61,911	33,252
	<u>210,282</u>	<u>136,842</u>
Non-controlling interest	3,066	175
Total Equity	<u>213,348</u>	<u>137,017</u>
Non-current liabilities		
Finance lease liabilities	1,402	365
Term loan	71,153	34,960
Deferred tax liabilities	6,659	1,148
Post employee benefit	54	-
Trade payables	2,974	4,168
	<u>82,242</u>	<u>40,641</u>
Current liabilities		
Trade payables	52,815	54,161
Other payables and accruals	22,524	2,129
Contract liabilities	9,059	10,095
Finance lease liabilities	377	280
Short-term borrowings	54,591	42,595
	<u>139,366</u>	<u>109,260</u>
TOTAL LIABILITIES	<u>221,608</u>	<u>149,901</u>
TOTAL EQUITY AND LIABILITIES	<u>434,956</u>	<u>286,918</u>
Net asset per share (RM) ⁽²⁾	<u>0.11</u>	<u>0.07</u>

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period.

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	< ----- Attributable to Owners of the Company ----- >						Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Translation Reserves RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000	Distributable		
Balance at 01.01.2023	103,597	(3)	(4)	33,252	136,842		175	137,017
Total Comprehensive Income for the year	-	(242)	-	28,659	28,417		218	28,635
Issuance of new shares	45,250	-	-	-	45,250		-	45,250
Issuance of shares to non-controlling interest	-	(227)	-	-	(227)		2,673	2,446
Balance as at 31.12.2023	148,847	(472)	(4)	61,911	210,282		3,066	213,348
Balance at 01.01.2022	93,809	33	(4)	30,396	124,234		242	124,476
Total Comprehensive Income for the year	-	(36)	-	2,856	2,820		(67)	2,753
Issuance of new shares	9,788	-	-	-	9,788		-	9,788
Balance as at 31.12.2022	103,597	(3)	(4)	33,252	136,842		175	137,017

Note:

- (1) The basis of preparation of the Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	YEAR-TO-DATE ENDED	
	31.12.2023 RM'000	31.12.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	29,923	4,917
Adjustments for:		
Depreciation of property, plant and equipment	4,406	3,534
Depreciation of right-of-use assets	542	606
Depreciation of investment properties	418	293
Amortization of intangible assets	-	452
Impairment loss on trade receivables	3,248	93
Impairment loss on goodwill	1,012	-
Impairment loss on property, plant and equipment	1,260	-
Fair value discount on receivables	(434)	(484)
Loss on disposal of right-of-use assets	-	12
Loss on property, plant and equipment written off	-	60
Interest expense	5,413	3,662
Interest income	(496)	(517)
Bargain purchase gain on acquisition	(21,194)	(1,638)
Operating profit before changes in working capital	24,098	10,990
Net changes in inventories	21	546
Net changes in trade receivables	106	(6,626)
Net changes in other receivables, deposits and prepayments	(1,582)	4,557
Net changes in contract assets / liabilities	16,915	(9,138)
Net changes in trade payables	(2,885)	10,620
Net changes in other payables and accrual	(26,856)	(1,576)
Cash flows from operations	9,817	9,373
Interest paid	(5,413)	(3,662)
Interest received	496	517
Tax paid	(3,224)	(3,352)
Net cash generated from operating activities	1,676	2,876
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,849)	(8,624)
Purchase of right-of-use assets	(123)	(421)
Purchase of investment properties	-	(253)
Investment in other investment	(2,589)	(5,679)
Investment in associate	(300)	-
Acquisition of subsidiaries	(7,224)	(1,308)
Proceeds from issuance of shares to non-controlling interest	2,023	-
Proceeds from disposal of property, plant and equipment	-	175
Net cash used in investing activities	(22,062)	(16,110)
CASH FLOWS FROM FINANCING ACTIVITIES		
Pledged of fixed deposits as securities	(1,016)	(4,087)
Drawdown of medium term notes	-	19,950
Drawdown of bank borrowings	66,451	5,912
Repayment of bank's borrowings	(81,801)	(22,333)
Drawdown of finance lease	587	-
Repayment of finance lease obligations	(929)	(525)
Proceeds from issuance of new shares	45,250	9,788
Net cash used in financing activities	28,542	8,705
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	8,156	(4,529)
Cash and cash equivalents at beginning of the financial year	121	4,723
Effect of foreign exchange rate changes	351	(73)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	8,628	121
Cash and cash equivalents comprise:		
Deposits with licensed banks	40,924	34,836
Cash and bank balances	23,084	12,653
Bank overdrafts	(19,155)	(13,931)
	44,853	33,558
Less: Deposits pledged to licensed banks	(36,225)	(33,437)
	8,628	121

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements.

The interim financial reports should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

A2 Significant Accounting Policies

In addition to the accounting policies and presentations adopted by the Group for the audited financial statements for the year ended 31 December 2022, the Group has further adopted the following MFRS in this interim financial statement, effective from 1 January 2023:-

Amendments to MFRS 17	Insurance Contracts – initial Application of MFRS 17 and MFRS 9- Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error- Definition of Accounting Estimates
Amendments to MFRS 112	Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above amendments is not expected to have any material financial impacts to the current period and prior period financial statement.

At the date of this Report, the following MFRs, Amendments to MFRs and IC Interpretations were issued but yet effective and have not been applied by the Group:

MFRSs, amendments to MFRSs and IC Interpretations		Effective
Amendments to MFRS 16	Lease liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3 Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

A4 Seasonal and Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

A6 Changes in Estimates

There was no material change in estimates that have a material effect on the financial quarter under review.

A7 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial period, other than as disclosed.

On 5 October 2023, 137,121,212 Placement Shares were issued and the number of shares of the Company increased to 1,945,115,881.

Subsequent to the current financial period, 41,315,900 Placement Shares had been issued on 29 January 2024. The number of shares of the Company increased further to 1,986,431,781.

A8 Dividends Paid

No dividend has been paid during the financial period ended 31 December 2023

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UNAUDITED INTERIM FINANCIAL REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A9 Segmental Reporting

The segments are reported in a manner that is consistent with the internal reporting provided to the decision makers. The operations and performance of the reporting segments on a regular basis as follows:

	Engineering RM'000	Sustainable Energy Solutions ("SES") RM'000	Others RM'000	Consolidated RM'000
Revenue				
External revenue	137,345	61,708	357	199,410
Total revenue				<u>199,410</u>
Results				
Segment results	3,232	36,096	(3,992)	35,336
Finance costs				(5,413)
Profit before tax				<u>29,923</u>
Income tax expense				(1,046)
Profit for the financial year				<u>28,877</u>
Assets				
Segment assets	184,796	229,278	20,882	434,956
Total assets				<u>434,956</u>
Liabilities				
Segment liabilities	113,815	105,013	2,780	221,608
Total liabilities				<u>221,608</u>

A10 Material Events after the End of the Reporting Period

Save for those disclosed in Note B6 "Status of Corporate Proposals", there were no other material events subsequent to the end of the current financial period.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period, except as disclosed below:

- (i) On 3 January 2023, KAB TGreen Energy Sdn Bhd (“KABTGE”) became a 100% owned subsidiary of the Group. KABTGE will undertake solar projects and related business.
- (ii) On 21 June 2023, Matahari Suria Sdn Bhd (“MSSB”) became a 100% owned subsidiary of the Group. MSSB is carrying on business in generation of renewable energy.
- (iii) On 27 August 2023, PT. Inpola Mitra Elektrindo (“PTIME”) became a 100% owned subsidiary of the Group. PTIME is carrying on business in generation of renewable energy.
- (iv) On 18 October 2023, the Group acquired 80% of ordinary shares in iTrans Green Energy Thai Co., Ltd. (“iTrans”) and iTrans became a subsidiary of the Group. iTrans will undertake provisioning of engineering, procurement, construction and commission services for solar photovoltaic systems and green technology engineering services.
- (v) On 15 November 2023, Future Biomass Gasification Sdn Bhd (“FBG”) became a 100% owned subsidiary of the Group. FBG is carrying on business in generation of renewable energy.

A12 Contingent Liabilities and Contingent Assets

The changes in contingent liabilities of the Group are as follows:-

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Bank guarantees given to third parties in respect of performance bonds for the Group's projects	30,861	18,055

There was no contingent asset as at the date of this Report.

A13 Capital Commitments

Capital commitment for financial period under review are as follows:-

	RM'000
Approved and contracted but not provided for:	
- Property, plant and equipment	564

A14 Significant related party transactions

There was no significant related party transaction in the current financial period under review.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of Group Performance

The Group posted revenue of RM62.95 million for the current quarter, representing an increase of RM16.34 million compared to its corresponding quarter. Current year-to-date revenue increased by RM12.41 million to RM199.41 million.

Profit after tax during the current quarter stood at RM2.65 million, representing an increase of RM2.12 million compared to its corresponding quarter ended of RM0.53 million while current year-to-date reported revenues of RM28.88 million, an increase of RM26.09 million.

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	31.12.2023	31.12.2022	CHANGES	31.12.2023	31.12.2022	CHANGES
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue						
Engineering	26,982	41,430	-34.9%	137,345	173,786	-21.0%
SES	35,863	4,482	>100%	61,708	11,191	>100%
Others	102	693	-85.3%	357	2,025	-82.4%
	<u>62,947</u>	<u>46,605</u>	35.1%	<u>199,410</u>	<u>187,002</u>	6.6%
Segment results						
Engineering	(235)	2,444	>100%	3,232	7,663	-57.8%
SES	8,398	1,276	>100%	36,096	3,750	>100%
Others	(3,269)	(726)	>100%	(3,992)	(2,664)	49.8%
Operating profit	<u>4,894</u>	<u>2,994</u>	63.5%	<u>35,336</u>	<u>8,749</u>	>100%
Finance costs	(2,249)	(1,024)	>100%	(5,413)	(3,832)	41.3%
Profit before tax	<u>2,645</u>	<u>1,970</u>	34.3%	<u>29,923</u>	<u>4,917</u>	>100%
Income tax expense	-	(1,440)	-100%	(1,046)	(2,128)	-50.8%
Profit for the financial period	<u>2,645</u>	<u>530</u>	>100%	<u>28,877</u>	<u>2,789</u>	>100%

Engineering

Engineering segment recorded a lower revenue at RM26.98 million for the current quarter, a decrease of 34.9% as compared to the corresponding quarter, year-to-date revenue has also decreased from RM173.79 million to RM137.35 million which is equivalent to a drop of 21.0%.

Segment result has also shown a decrease in both quarterly and yearly. Other than the softening of property market which impacted the revenue, the profit margin of the industry as a whole is still affected by the commodity prices for copper and iron ore.

SES

SES segment reported revenue at RM35.86 million for the current quarter and RM61.71 million for the year, a significant increase of more than 100% due to contributions from new projects and new entities acquired.

The segment shown a result of RM8.40 million for current quarter and RM36.10 million for the year, representing a significant increase of more than 100%. The significant improvement in the results is mainly attributed to better tariffs, contribution from new projects and also gains arising from the acquisition of new entities in the renewable energy business.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B2 Comparison with Immediate Preceding Quarter Results

	< ----- 3-MONTHS ENDED ----- >			
	31.12.2023	30.09.2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	62,947	48,623	14,324	29.5%
Gross Profit	14,113	11,239	2,874	25.6%
Profit Before Tax	2,645	20,877	(18,232)	-87.3%

The Group recorded a higher revenue of RM62.95 million for the current quarter compared to RM48.62 million in the previous quarter ended 30 September 2023 and a higher gross profit of RM14.11 million for the current quarter compared to RM11.24 million in the preceding quarter due to contributions from the newly acquired entities in the renewable energy business.

The Group's profit before tax fell from RM20.88 million in the preceding quarter to RM2.65 million in the current quarter due to a one-off gain recognised upon the acquisition completion of PTIME in the preceding quarter.

B3 Prospects for the Financial Year

The Group will continue to focus on the following future plans and business strategies for future growth and expansion of its business:-

- (i) expanding its energy solutions and customer base in the energy sector;
- (ii) exploring into Telecommunication Infrastructure Industry;
- (iii) replenishing its order book; and
- (iv) venturing into neighbouring ASEAN countries.

The Group is expected to be able to continue to meet all obligations in accordance to the respective project timelines as agreed with the project owner and/or main contractor during the award of respective projects.

The Group will focus on identifying customers who are keen on optimizing operational cost by improving energy efficiencies through the solution provided.

As at 31 December 2023, the Group's order book and tenders are as follows:-

- (i) order book balance under Engineering and SES is approximately RM155 million and RM784 million respectively; and
- (ii) approximately RM210 million and RM2,978 million worth of tenders for Engineering and SES respectively still pending.

The Group had embarked on a transformation journey and has succeeded in transforming to a one-stop energy and engineering solutions provider. The Group will continue to be committed in providing businesses with sustainable energy and engineering solutions for businesses regionally.

The Board will continue to review and monitor the economic situation while exercising prudence in spending to sustain with the current challenges and market conditions.

B4 Profit Forecast

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5 Taxation

	3-MONTHS ENDED		YEAR-TO-DATE-ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Income tax	-	1,440	1,046	2,128
Effective tax rate	0%	73%	4%	43%

B6 Status of Corporate Proposals

- (i) Proposed Acquisition of PT Inpola Mitra Elektrindo (“PTIME”) from Sarawak Cable Berhad (“SCB”) (“Proposed Acquisition”)

On 19 January 2022, KAB Energy Holdings Sdn Bhd (“KABEH”), a wholly-owned subsidiary of KAB, had entered into a Term Sheet with SCB to acquire 300,000 ordinary shares in PTIME, representing 100% of the total paid-up capital in PTIME.

On 29 July 2022, KABEH entered into a conditional share purchase agreement (“CSPA”) with SCB and 3 individuals for the Proposed Acquisition for a cash consideration of RM10,000. In addition, KABEH will facilitate the settlement of debts, liabilities and shareholders’ advances of PTIME capped at RM74.99 million.

The Company had obtained the approval from its shareholders at an Extraordinary General Meeting (“EGM”) held on 27 April 2023.

The SPA has turned unconditional on 31 July 2023 (“Unconditional Date”) following the fulfilment and/or waiver of the conditions precedent of the SPA.

On 27 August 2023, the transfer of all ordinary shares of PTIME to KABEH was completed. Accordingly, PTIME became a wholly owned subsidiary of KABEH.

On 31 October 2023, the proposed acquisition of PTIME has been completed following the payment of the balance of the Completion Amount.

- (ii) Proposed Acquisition of Matahari Suria Sdn Bhd (“MSSB”) from Unique Forging & Components Sdn Bhd (“UFC”) (“Proposed Acquisition of MSSB”)

On 18 August 2022, KAB Energy Holdings Sdn Bhd (“KABEH”), a wholly-owned subsidiary of KAB, has entered into a Share Sale Agreement with UFC to acquire 100% of the total paid-up capital in MSSB, for a cash consideration of RM5.30 million.

On 21 June 2023, the transfer of all the ordinary shares of MSSB to KABEH was completed. Accordingly, MSSB became a wholly owned subsidiary of KABEH.

On 25 July 2023, the proposed acquisition of MSSB was completed.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

(iii) Proposed Private Placement 2022

On 7 September 2022, Kenanga IB had announced on behalf of the Board that the Company proposed to undertake a private placement of up to 351,581,000 new ordinary shares in KAB (“Placement Shares 2022”) representing up to 20% of the total number of issued shares, to independent third-party investor(s) to be identified and at an issue price to be determined later.

Bursa Securities had on 11 October 2022 approved the listing and quotation of up to 351,581,000 shares to be issued pursuant to the Proposed Private Placement 2022 with conditions.

The shareholders of the Company had approved the Proposed Private Placement 2022 at an EGM of the Company held on 17 November 2022.

The Company received approval from Bursa Malaysia Securities Berhad on 4 April 2023 for extension of time up to 10 October 2023 to complete the implementation of Private Placement 2022.

On 5 October 2023, 137,121,212 Placement Shares 2022 had been issued at RM0.33 per Placement Share 2022.

On 4 October 2023, Bursa Malaysia Securities Berhad granted the Company a further extension of time until 10 April 2024 to complete the implementation of the Private Placement 2022.

Subsequent to the current financial period, 41,315,900 Placement Shares 2022 had been issued on 29 January 2024 at RM0.38 per Placement Share 2022.

(iv) Proposed Acquisition of Future Biomass Gasification Sdn Bhd (“FBG”) from Future NRG Sdn Bhd (“FNSB”) (“Proposed Acquisition of FBG”)

On 9 November 2022, KAB Energy Holdings Sdn Bhd (“KABEH”), a wholly-owned subsidiary of KAB, had entered into a term sheet with FNSB to acquire 380,000 ordinary shares in FBG, representing 100% of the total paid-up capital in FBG.

On 16 January 2023, KABEH entered into a Sale and Purchase of Shares Agreement (“SPA”) with FNSB for a total consideration of RM15 million.

On 15 November 2023, the transfer of all the ordinary shares of FBG to KABEH was completed. Accordingly, FBG became a wholly owned subsidiary of KABEH.

(v) Joint Venture with PETRONAS Gas Berhad (“PGB”) in Sipitang Utilities Sdn Bhd (formerly known as Regas Terminal (Lahad Datu) Sdn Bhd, (“SUSB”)

On 14 February 2023, KAB Energy Holdings Sdn Bhd (“KABEH”), a wholly-owned subsidiary of KAB, had signed a Share Sales and Purchase Agreement (“SPA”) with PGB to acquire 10% stake in SUSB, a wholly-owned subsidiary of PGB, and had signed a Shareholders Agreement with PGB to assume the role of technical partner in the joint venture with PGB, to co-own and undertake RM230 million power plant project, which will be the sole energy supplier to PETRONAS nearshore floating liquified natural gas facility at Sabah.

On 20 February 2023, the SPA was completed.

Save as above, there was no corporate proposal announced.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B7 Utilisation of Proceeds

(i) Private Placement 2022

The proposed utilisation of the gross proceeds from the Private Placement 2022 amounting to RM133.97 million is as follows:

Purposes	Proposed Utilisation ⁽¹⁾ RM'000	Actual Proceed ⁽²⁾ RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Working Capital	36,000	16,379	(16,379)	-	Within 24 months
Repayment of Bank Borrowings	31,000	14,104	(14,104)	-	Within 6 months
Funding for existing and future SES projects	66,196	29,942	(5,500)	24,442	Within 36 months
Estimated expenses for the Proposed Diversification and Proposed Private Placement	770	525	(525)	-	Immediate
Total	133,966	60,950	(36,508)	24,442	

Note:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 1 November 2022.
- (2) As at the date of this report, the Company had issued a total of 178,437,112 Placement Shares 2022 at various prices (please refer to B6(iii) for details) to arrive at a total proceeds of RM60.95 million.

B8 Group's Borrowings and Debt Securities

The details of the borrowings of the Group are as follows:-

		As at 31.12.2023		As at 31.12.2022	
		Foreign Currency '000	Equivalent RM'000	Foreign Currency '000	Equivalent RM'000
Long term:					
Term loans	RM		58,035		28,085
Term loans	THB	47,960	6,444	55,096	6,875
Term loans	USD	1,398	6,674	-	-
Finance lease liabilities			1,402		365
			<u>72,555</u>		<u>35,325</u>
Short term:					
Term loans	RM		3,439		5,295
Term loans	THB	6,200	833	1,998	249
Term loans	USD	1,499	7,152	-	-
Finance lease liabilities			377		280
Bank overdrafts			19,154		13,930
Trade finance			24,013		23,121
			<u>54,968</u>		<u>42,875</u>

All the Group's borrowings are secured and mainly denominated in Ringgit Malaysia, except as disclosed above.

B9 Material Litigation

There was no material litigation since 31 December 2022.

B10 Dividends Proposed or Declared

The Board does not recommend any interim dividend for current quarter.

B11 Derivatives and Fair Value Changes of Financial Liabilities

- (i) There were no derivatives as at the current financial year under review.
- (ii) The fair value changes arising from discounting future retention sums receivable and retention sums payable to present value for the current period under review has been accounted for accordingly.

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Net fair value (gain)/loss	-	(567)	(434)	(484)

B12 Earnings Per Share

The basic and diluted earnings per share for the financial period is computed as follows:-

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit after tax attributable to owners of the Company (RM'000)	2,522	609	28,659	2,856
Weighted average number of ordinary shares in issue ('000)	1,945,116	1,807,995	1,841,054	1,800,871
Adjustment for assumed issuance of Placement Shares ('000)	224,460	361,581	224,460	361,581
Adjustment for assumed exercise of warrants for shares ('000)	845,903	845,903	845,903	845,903
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,015,479	3,015,479	2,911,417	3,008,355
Basic earnings per share (sen) ⁽¹⁾	0.13	0.03	1.56	0.16
Diluted earnings per share (sen)	0.08	0.02	0.98	0.09

Notes:

- (1) The basic earnings per share is computed based on the profit attributable to the equity shareholders of the Company divided by weighted average number of ordinary shares in issue for the financial period under review.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B13 Notes to the Statement of Comprehensive Income

Profit before tax is arrived at after (crediting) / charging:-

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(190)	(395)	(496)	(517)
Interest expense	2,249	885	5,413	3,662
Depreciation of property, plant and equipment	1,472	937	4,406	3,534
Depreciation of right-of-use assets	158	135	542	606
Depreciation of investment properties	110	82	418	293
Amotisation of intangible assets	-	452	-	452
Impairment loss on trade receivables	-	121	3,248	121
Reversal of impairment loss on trade receivables	-	(13)	-	(28)
Loss on disposal of right-of-use assets	-	12	-	12
Loss on property, plant and equipment written off	-	60	-	60
Impairment loss on property, plant and equipment	1,260	-	1,260	-
Impairment loss on goodwill	1,012	-	1,012	-
Bargain purchase gain on acquisition	(2,138)	(1,638)	(21,194)	(1,638)